

# UTC News & Views

UTC News & Views is a consumer publication of the Washington Utilities and Transportation Commission.

## Why is my natural-gas bill going up?

Energy companies do not profit from the purchases of natural gas. The utility earns its profit from the return on the pipes and plants necessary to deliver the gas.



Washington utilities must purchase natural gas many months in advance of the delivery date. However, utilities are discouraged from betting on what markets may be at one point in time. Utilities are encouraged to

engage in cautious purchasing plans which reduce the risks of an unstable energy market.

There are two rates, or tariffs, which work together to set the cost of natural gas for customers. One is the purchased gas adjustment (PGA) which sets the base for gas costs for the next year. Companies file tariff revisions based on the known price of contracts entered throughout the year, the known price of gas in storage, and on projected prices for gas which has not yet been purchased.

The second rate, the deferral account adjustment, recovers the difference between last year's projected rate and the actual cost over the past year. This difference is passed through to the utility's customers, either up or down, with interest.

If the forecasted rate for gas is too high, companies will be required to pass on any savings next year as part of the PGA mechanism. Any additional costs between what the projected cost is today, and what actual costs are over the next year, will be passed on to customers.

This is a very complex issue because there are a number of factors to consider.

1. Demand is up
  - Since 1998, the region consumes more energy from natural gas than from electricity.
  - Federal air quality regulations promote the use of natural gas.
  - Between 1999 and 2004, the number of residential and commercial natural gas customers in the Pacific Northwest grew by nearly 12 percent.
2. National Market
  - Demand is up nationally.
  - New and expanded natural-gas pipelines allow gas to flow to the East Coast and California. A number of proposed pipelines or expansions would allow even more gas to flow to points east.
3. Supplies are tight
  - Low natural-gas prices in the 1990's reduced incentives to find and develop new production areas.
  - The effects of weather severely reduced natural-gas supplies which caused significant price increases over the past five years.
  - North American production from existing wells has been declining.
  - Past federal restrictions on explorations have recently been relaxed, however, it will between five to 10 years to reap benefits from new exploration.
  - U.S. production has been essentially flat for the past 20 years. Increased imports from Canada, Mexico, and other countries are limited by the current distribution systems.
4. Managing Risk
  - Utilities companies are not able to take full advantage of the current low market because they get most of their gas through long-term contracts. Many of these contracts were entered into before the recent fall in gas prices. While this approach has limited utilities' ability to take advantage of the recent price drop,

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it also shielded utilities and their customers from the most severe price increases of the last five years.

- Because utility companies enter into multi-year contracts, the high rates may continue for a while until new contracts at the lower rates are negotiated.

What steps are being taken to ensure sustainable supplies and reasonable costs in the future? Balancing the future natural-gas market requires action on both sides of the equation. On the demand side, we need to continue to encourage more efficient energy use. On the supply side, we need to encourage development and access to new natural-gas resources.

For more information on natural-gas prices, visit our Web site at [www.wutc.wa.gov/regulatedindustries](http://www.wutc.wa.gov/regulatedindustries) or call our Consumer Affairs section toll-free at 1-800-562-6150.

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## IRS to Refund Billions in Long-Distance Taxes.

An estimated \$10 billion in excise taxes collected for long-distance service is expected to be refunded by the Internal Revenue Service (IRS) in 2007.

On November 16, 2006 the IRS announced it will stop collecting excise tax on long-distance telephone service. The announcement was made after five federal appeals courts ruled that the tax does not apply to long-distance service as it is billed today.



The refund is a one-time payment received through your 2006 federal income tax return. It is available to individuals, businesses

and non-profit organizations that paid long-distance taxes on a landline, cell phone, or Voice over Internet Protocol (VoIP). Because of a three-year statute of limitations, the IRS will be refunding excise taxes paid between February 28, 2003 and

August 1, 2006.

Taxpayers can take a standard refund of \$30 - \$60 depending on the number of exemptions claimed on their tax return, or a refund of the actual amount by providing the IRS with an exact amount paid during the 41 month period. Persons who do not fill out an annual tax return can also request a refund.

The excise tax does continue to apply to local-only service and will not be refunded by the IRS. Also, various state and local taxes and fees paid by telephone customers will continue to be collected.

For additional information on the long-distance excise tax refund, contact your tax professional or the IRS at 1-800-829-1040, or visit their Web site at [www.irs.gov](http://www.irs.gov).

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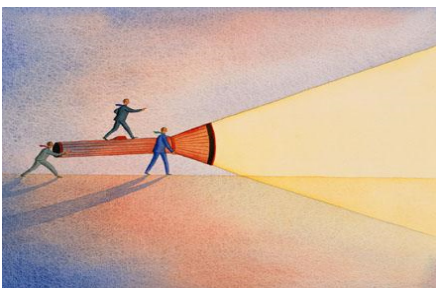
## Protect your Family During a Power Outage!

With winter here and the possibility of windstorms, snow, and flooding, your power may go out. Knowing what to do – and what not to do – during a power outage can save lives. Here are some general guidelines:

- If a power line is down, do not go anywhere near it. Call 911 immediately. Always assume the line is energized (“hot”). Don’t touch it or attempt to move it.
- Never try to move a person or object that is touching a downed line. You may become a victim as well.
- If a power line hits your car, stay inside unless you are in immediate danger from fire.
- Turn off and unplug any unnecessary electrical equipment, especially sensitive electronic equipment, even if you have surge protectors.
- Set heating thermostats at lowest possible temperature.
- Turn on a porch light so you and repair crews will know when power is restored to your home.

- Do not cook indoors with charcoal, fuels or items not meant for indoor use, such as a grill. They can create deadly fumes if used indoors.
- Keep your refrigerator closed as much as possible.

Customers with portable generators are reminded that improperly installed generators can backfeed into electrical lines and endanger the lives of emergency workers and your neighbors. The only safe method of using a portable generator is to plug electrical appliances into the generator. The genera-



tor's exhaust can also be deadly, so it's essential that the unit's exhaust be properly ventilated.

The utility company's main focus is to restore power to

customers as quickly and safely as possible. When there is an outage, power companies will concentrate on areas with the largest number of customers. Work will then move to neighborhood services lines, transformers that serve small blocks of customers, and then to individual customers.

Remember, be safe – be calm.....

For more tips on electric or natural-gas safety, visit the Puget Sound Energy Web site at [www.pse.com/safetyreliability/natgassafetylanding.aspx](http://www.pse.com/safetyreliability/natgassafetylanding.aspx)

## What is Bundling?

Some telephone companies are offering a service called “bundling”. Companies are attempting to make it easier and sometimes less expensive to manage your telephone, internet, cable or satellite services. With busy lifestyles, many people are looking for ways to simplify their monthly expenses and bills, while having the latest technology at their fingertips. Using a bundled service package offers many choices and options while consolidating the different services on one bill.

Depending on the provider, consumers may bundle services to include:

- Unlimited local and long-distance calling with choices like:
  - Voice Mail
  - Caller I.D.
  - Call Waiting
  - Call Forwarding
  - Call Rejection
  - Directory Assistance
  - Last Call Return
  - Line Maintenance
- High speed internet
- Cable or satellite television
- Wireless telephone service

Selecting the right bundled package to fit specific needs and budgets can sometimes be difficult. If consumers are paying for features and services that aren't used, bundling can be a costly choice. If you use several different services regularly, bundling can save money, as most companies offer discounts or credits for bundling services.

If you order a bundled service package, you will want to check your bill and services for a few months to ensure you are receiving, and being billed, for the features requested. If you find features aren't working, or you're still receiving separate bills, you should contact your company immediately to report the problem.

The UTC has regulatory authority over local dial-tone telephone companies and can assist consumers in resolving problems with local service. If issues arise regarding other services, the UTC does not have regulatory jurisdiction. However, your local dial-tone service cannot be disconnected for unpaid services which are not regulated, unless you do not pay your local dial-tone charges.



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contact the companies in your area. If you have billing or service problems, contact your company first. If the issue is not resolved, visit our Web site at [www.wutc.wa.gov](http://www.wutc.wa.gov) or contact our Consumer Affairs section toll-free at 1-800-562-6150.

## Have You Received a Large Back Bill for Power or Natural Gas?

What is back-billing and why does it happen? Back-billing is a charge for electricity or natural-gas service used by the customer in the past, but never billed by the utility company. This can happen in a variety of different ways:

- A lost meter – a meter was installed at the residence, and no account was set up to bill the customer.
- A defective meter – a meter registers no use, however, the customer is using natural gas or electricity.
- Meter mix ups – customers are billed for the incorrect meter, generally, a neighbor.
- Addresses that change – sometimes occurs with new construction.
- Unassigned energy use – someone moves in and forgets to call and sign up for service. Oops!



What can you do about a back-billing problem? Commission rule, WAC 480-100-138, requires utility companies to make payment arrangements with the customer, equal to the length of time the bill was delayed. For example, if you did not receive a bill for three years of electricity or natural-gas service, then you would be entitled to set up a payment schedule. The arrangement would allow you to pay for the uncharged service over the next three years.

If you have received a back-bill, please call your utility company and request an extended payment arrangement. If you're not satisfied, visit our Web site at [www.wutc.wa.gov](http://www.wutc.wa.gov) or contact our Consumer Affairs section toll-free at 1-800-562-6150.

### *UTC News and Views*

Editor: Diana "DJ" Jones

Contributing writers: Lynda Johnson, Marilyn Meehan, Roger Kouchi, Gail Griffin-Wallace, Suzanne Stillwell.

Graphics and Layout Design: Rhonda Huynh



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Washington Utilities and  
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P.O. Box 47250  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250



Toll Free: 1-800-562-6150

Phone: (360) 664-1160

Fax: (360) 586-1150

TDD: 1-800-416-2717 (toll free)

Web site: [www.wutc.wa.gov](http://www.wutc.wa.gov) Email: [consumer@wutc.wa.gov](mailto:consumer@wutc.wa.gov)

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